



May 15, 2012

Response to recent article

An article published in the Seattle Times 5/14/12 has prompted customers to call with questions about GET. We would like to affirm the fact that GET is a safe way to save for college. It works exceptionally well for families with children or grandchildren who are young, where the time horizon for saving is longer. The following points are also offered for clarification:

- The guarantee is absolutely secure. A national financial person was quoted in the article as saying “the guarantee with prepaid plans isn't clear,” but in fact, with Washington's GET Program, it's not only clear, it's specified in [state law](#). GET is one of only 5 prepaid plans in the country with this guarantee.
- A concern about GET being 85% funded (sometimes called unfunded liability) will continue to guide the unit pricing in order to close that gap. However, “funding status” represents an unrealistic situation where all students in the program would be redeeming their units at the exact same time. In reality, 27% of GET accounts have been opened for babies or preschoolers, and GET is better funded than the national average for state retirement programs. The funding status will be updated this June, where the percentage is expected to improve with recent gains.
- Tuition increases are estimated by the State Actuary to be 11.2% annually over the next 5 years. According to recent UW projections, tuition may drop to single digits after this year, which then would likely average 10.4% annually over 5 years. These are projections. Factors driving tuition growth, state funding in particular, will continue to change. We do know that tuition goes up every year.
- Financial planners who question whether to recommend GET right now may be unfamiliar with the program because it's a different type of product than they usually recommend. It's not a bank savings account, a regular 529 savings plan or a stock/mutual fund, where the increase in value depends upon investment returns.
- With GET you're buying the future value of tuition (up to many years in the future) at a discounted cost today. If you begin saving with GET before your kids or grandkids reach middle school (the earlier the better), you will save substantially on future tuition costs and benefit from the security of the guarantee, with no worries about the ups and downs of the stock market.
- Unlike some other savings vehicles, financial planners don't adjust investments in your GET account and the program is not commissionable. Your GET account becomes part of the GET trust fund, which is currently valued at nearly \$2 billion and is managed conservatively by the Washington State Investment Board. Your account is guaranteed by the state to continue to increase year after year at the same pace as tuition increases at UW/WSU.
- GET is a safe place to anchor your college savings. GET makes a great foundation because it's guaranteed – and other savings options will be useful as well.
- The prospect of differential tuition will continue to be under discussion at the university and legislative level. If it eventually happens that additional fees are required for a few specific majors, families can plan on that cost and purchase additional units. However, basic residential undergraduate tuition will continue to rise, and the guarantee that GET's payout value will be based on that increase will not change.

Questions? Contact Customer Service at 800.955.2318 or GETInfo@hecb.wa.gov